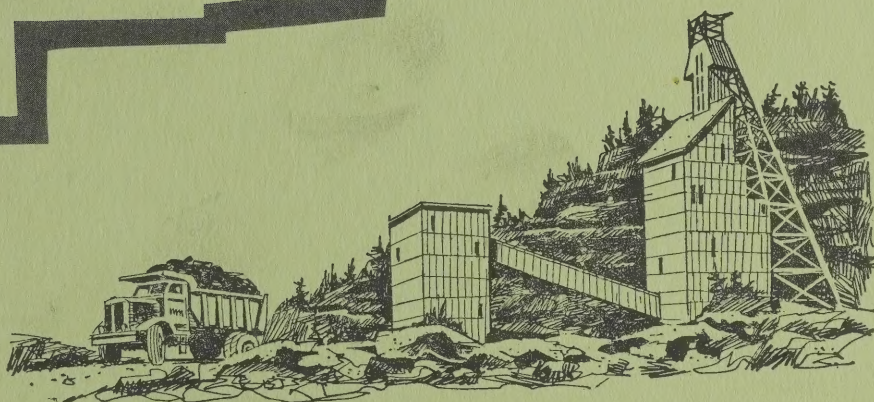


NEW INSCO MINES LTD.

(NO PERSONAL LIABILITY)



ANNUAL REPORT

1973

NEW INSCO MINES LTD.

(NO PERSONAL LIABILITY)

HEAD OFFICE

SUITE 1203
5 PLACE VILLE MARIE
MONTREAL, QUEBEC H3B 2H1

EXECUTIVE OFFICES

SUITE 306
4198 DUNDAS STREET WEST
TORONTO, ONTARIO M8X 1Y6

MINE OFFICE

P.O. BOX 275
NORANDA, QUEBEC

OFFICERS

Chairman of the Board
JOHN R. CAMPBELL, O.C.

President and Managing Director
H. DOUGLAS HUME

Vice President
GEORGE F. ARCHIBALD

Secretary-Treasurer
JAMES WILSON

Assistant Secretaries
J. TODD HOLMES
ROBERT L. LECLERC

DIRECTORS

GEORGE F. ARCHIBALD
JOHN R. CAMPBELL
ROBERT W. CROSBIE
DONALD E. GRIMM
H. DOUGLAS HUME

ROBERT L. LECLERC
HAROLD R. LOGAN
IRA E. McKEEVER, Jr.
ROBERT W. V. PURVES
JOSEPH J. RANKIN
HERMAN A. SCHAEFER

GENERAL COUNSEL
DOHENY, DAY, MacKENZIE,
GRIVAKES, GERVAIS & LeMOYNE
MONTREAL, QUEBEC

ONTARIO COUNSEL
MANLEY, GRANT & CAMISSO
TORONTO, ONTARIO

TRANSFER AGENT
CANADA PERMANENT TRUST COMPANY
600 DORCHESTER BOULEVARD
MONTREAL 101, QUEBEC,
AND
1901 YONGE STREET
TORONTO, ONTARIO

AUDITORS
RIDDELL, STEAD & CO.
ROYAL TRUST TOWER
TORONTO - DOMINION CENTRE
TORONTO, ONTARIO

NEW
INSCO MINES LTD.

(No Personal Liability)

March 8, 1974

To the Shareholders:

Your directors are pleased to submit the 1973 Annual Report on the affairs of your company and the audited financial statements as at September 30th, 1973, including the balance sheet and statements of deferred exploration and development expenditures, administrative expenses and deficit and source and application of funds.

Two developments of particular importance to the company occurred since our last annual report. The first was the completion of the Participation Agreement with W. R. Grace & Co.: a \$250.00 advance under the agreement was received late in 1973 (a second such advance will be made in 1974); at about the same time the first joint venture under the agreement with W. R. Grace & Co. was initiated on the optioned property of Sunburst Exploration Ltd., adjacent to our Hebecourt East property in Hebecourt Township, Quebec.

The second major development was the completion on March 5, 1974 of an agreement to lease the "A" ore body to Noranda Mines Limited. The agreement provides for a prepayment of \$600,000 (New Insko's share of each \$600,000 payment is \$280,000) on execution of the agreement and three more payments of \$600,000 on February 28th 1975, 1976 and 1977, with the last such payment subject to certain production quota being met. These four payments represent compensation for an estimated 48,000,000 lbs. of copper at 5c per lb. Copper recovered in excess of 48,000,000 lbs. will be paid for at the same rate. In addition, on a presumed mining rate of 1,000,000 lbs. of copper per month for forty-eight months, commencing on the inception date of the lease, Noranda will pay a monthly bonus equal to 50% of the average net selling price of copper over 65c per pound based on the Noranda Overseas Pool Price. Thus for each 1c increase over 65c per pound in the London market the annual bonus will increase at the rate of about \$28,000. At this date copper is selling in London at about \$1.00 per pound. Therefore if this high rate prevailed for a whole year, the bonus to New Insko could amount to about \$980,000.

As a result of New Insko and the three other joint venture companies purchasing the interest in the property of Prospector Arcus, New Insko's share in the proceeds of the lease will amount to 46 2/3% plus a 1/6th interest in the prospectors' 2 1/2% net smelter royalty, the latter payable on actual mining operations. Prospectors Tagliamonte and Labchuk together with Lynx-Canada, Muscocho and Dejour remain as participants in the proceeds of the agreement and share pro rata costs and benefits of the future exploration and development of the property. The interests of the joint venture partners in the East and West Hebecourt properties are as follows:

Each of the two companies controlled by	
Prospectors Tagliamonte and Labchuk	— 3 1/3%
Lynx-Canada	— 15 5/9%
Muscocho	— 15 5/9%
Dejour	— 15 5/9%
New Insko	— 46 2/3%

Any new discoveries away from the "A" ore body are not covered by this agreement. Exploration of the East and West Hebecourt claim groups will continue under the direction of our Mr. George Archibald and if we have any new discoveries they are not included in the Noranda Agreement.

1973 EXPLORATION ACTIVITY

During the year your company maintained its aggressive mineral exploration program. A review of the various projects in which your company is at present involved follows:

1. HEBECOURT EAST – CONTAINING THE “A” ORE BODY

Drilling the “A” ore zone was suspended on September 25th. The ore potential down dip and east of the ore zone at depth is still wide open. The alteration zone is strong and extensive and should contain additional massive ore lenses. We suspended drilling to compile and analyse all geochemical, geophysical and geological data so as to best define additional targets at depth. These studies are still in progress.

When drilling was suspended, we had completed 55 holes for a total of 32,014 feet of core. The actual ore zone is confined to an area that measures about 400 feet by 550 feet, or just over 5 acres of land. Present ore calculations, including 15% dilution, now stand at 1,164,446 tons averaging 2.40% copper. This ore is the subject of the Noranda Lease.

Geological mapping of this property was completed during the summer. Further exploration on this claim block will follow results of further deep penetration geophysics. Accordingly, we expect to resume exploratory drilling of the favourable contact down dip and east of the ore zone early this year. The favourable ore horizon extends easterly for a considerable distance, and in management's view the entire contact offers us good chances for further discoveries.

2. HEBECOURT WEST

Some geophysical and geological work has been completed. It appears that the favourable ore horizon extends westerly from the Iso-Copperfields ore body right through this claim group. There is very little rock outcrop and the heavy layer of overburden makes penetration by geophysical instruments difficult. Work on this group is continuing and we hope to identify drill targets late in 1974.

3. SUNBURST EXPLORATION LTD. – NEW INSCO, W. R. GRACE & CO. OPTION

This program is being operated as a 50/50 joint venture by New InSCO and W. R. Grace & Co. Initial geophysical geochemical and geological work necessary to identify drill targets was completed during the summer and fall. A 3,000 foot drilling contract was let on November 2nd to Bradley Brothers Ltd., with a view to testing geophysical targets in various locations on the property. This phase of the exploration has just been completed. First results in four drill holes were disappointing, having encountered no significant mineralization. Drill Hole No. 5 spotted in the north-east corner of the property cut a 13.5 foot disseminated sulphide intersection in pyroclastic rocks. The core was assayed for trace quantities of copper and zinc. Copper averaged in the high anomalous range (1,080 p.p.m.), while zinc was just below anomalous values (89 p.p.m.). Drill Hole No. 6 collared in the north-west corner of the property also cut pyroclastic rocks with lower trace quantities of copper and zinc. These results are sufficiently important to warrant further work in both areas and a second phase of exploration is being recommended.

4. ARCAP DIVERSIFIED INC. (FORMERLY LEWIS RED LAKE) – NEW INSCO OPTION

A Magnetometer and VLF-E.M. Survey has been completed. The magnetometer disclosed nothing of significance. The VLF Survey picked up numerous anomalies, all of which will have to be checked by other E.M. Systems. During the summer the property was mapped geologically and the rock types appear to be favourable. At present we believe the favourable ore horizon extends into and through the property. Additional geophysics are now in progress and some drilling will likely be undertaken in the first half of 1974.

5. MUSTANG MINES & ARCADIA EXPLORATIONS – NEW INSCO OPTION

A Magnetometer Survey was completed, as was a VLF-E.M. Survey. The magnetometer disclosed nothing deemed significant. Many anomalies were picked up by the VLF Survey, most of which will have to be checked by other E.M. Systems. The property was mapped geologically during the summer and fall. Some pyroclastic rocks were located that inspire interest. Additional geophysical work is underway and some drilling may be done during the first half of 1974.

6. KIRKLAND LAKE PROPERTY – LYNX, NEW INSCO JOINT VENTURE

During the summer and fall, some mapping, geochemical and geophysical work was completed. The geochemistry was impressive, as was the geological work. Follow-up geophysics failed to pick up a target. Notwithstanding this development, the geological environment is favourable enough to warrant some limited drilling.

This program is under the control of Lynx. They will be guided by recommendations from their geological consultants who are in consultation with our Mr. George Archibald. Planned drilling has been deferred until after spring break-up.

7. ROYAL-ROUSSILLON TOWNSHIP – PANACAN, ARCADIA – NEW INSCO OPTION

This property is ready for drilling. We have two very strong magnetic and E.M. anomalies. Little is known about the geology of the area where the anomalies were picked up. We intend to test the anomalies with at least one short drill hole each. Drilling has been scheduled to start after spring break-up.

8. SHERBROOKE JOINT VENTURE – LYNX AND NEW INSCO, ET AL

This project is being managed by Lynx. New Insko holds a 10% interest in the program. Drilling was scheduled to start on March 6, 1974 in the Suffield area on several interesting geochemical targets. Results of the first drill holes should be available by the date of the Annual Meeting.

9. LAC DUFAULT PROPERTY

We regard this property as an important asset of the Company. Further geological and geochemical studies will be conducted during the summer. We expect to undertake a drilling program from the ice of Lac Dufault during the 1974-75 winter season.

NEW PROJECTS

1. PROTEA DEVELOPMENTS LTD.

This company owns lots 6-15 inclusive (1,000 acres) in Range I of Hebecourt Township. From work completed this fall on our West Group and the Arcap Properties, we believe the favourable volcanic rocks associated with the New Insko and Iso-Copperfields ore bodies extends into, and perhaps through these claims. We believe the property has good base metal and gold potential. On December 28, 1974 we completed an agreement with Protea that involves a one year work commitment of \$5,000, with options to continue exploration for three years. Our exploration on this property is just getting underway.

2. BERRY-DESBOUES TOWNSHIP GOLD PROSPECT

This is a gold prospect that we believe falls into the category of a 'Special Situation'. We now have staked and optioned 7,950 acres of land in Berry and Desboues Townships, about twenty-five miles north-west of Amos, Quebec. The property covers what were originally known as the Novak-Carriere Claims, first prospected in 1945. In the early 1960's Frank P. Tagliamonte, a geological consultant in Noranda introduced the prospect to Kerr-Addison Mines. Kerr did not drill the property but did find rich although erratic gold values on the surface. With gold at \$35 per ounce interest waned and the property was dropped.

Subsequently Mr. Tagliamonte acquired some claims on the Novak showings and optioned the property to Card Lake Copper Mines Ltd. in July 1973. Card Lake drilled five short holes in September 1973, that yielded interesting gold values. We secured a four year option on the Card Lake Copper Mines Ltd. claim group for a payment of \$10,000 and reimbursement of exploration expenditures of \$12,200, and a commitment to spend \$50,000 on exploration and

development during 1974 with options to spend up to \$200,000 for a 60% interest in the Card Lake options after which expenditure Card Lake and New Insko will contribute funds pro rata for future exploration and development. Other contiguous properties were acquired by options and forty-one additional hundred acre claims were staked to cover the entire potential gold bearing rocks.

The property covers a circular syenite stock about three miles in diameter and the peripheral volcanic rocks adjacent to the stock. Only the south-east contact zone (about two miles) of the stock has been prospected. Six gold showings have been located in the prospected area and sampled by surface pits; only one of the showings was drilled last September by Card Lake Copper Mines. This drilling returned significant gold assays in all five holes.

The best intersection was 31 feet grading 0.23 oz. gold per ton; and a second hole yielded 34 feet grading 0.17 oz. per ton. We believe this prospect offers better possibilities of establishing a commercial gold ore body than the type in which dependence has to be made on the erratic distribution of values in narrow quartz stringers and veins.

At this early stage, the rock types and overall characteristics of the known gold showings are highly reminiscent of the early development of the Camflo gold deposit near Malartic, about seventy miles to the south.

Total estimated cost of acquisition and development over the next twelve months is \$100,000. A participation in this project has been offered to W. R. Grace & Co. Should W. R. Grace & Co. come into the program at this level, New Insko would have to provide \$50,000, to hold 49% of the present claims and options. Work will get underway immediately.

NEW DIRECTORS

We are pleased to report that Mr. Joseph J. Rankin and Mr. Robert W. Crosbie, have recently joined our Board of Directors. These gentlemen replace Mr. Joseph J. Pigott and Mr. Goodwin Gibson to whom we owe a debt of gratitude for their contributions to our progress. Messrs. Pigott and Gibson felt they should be replaced on the board by men more experienced in the fields of mining and public finance. Their replacements are eminently qualified in these fields and will undoubtedly make valuable contributions to the management of the company's affairs. Mr. Rankin is well known in Canadian mining and exploration. He is President of Jorex Ltd., and is an officer and director of several other mining and resource companies. Mr. Crosbie is Vice-President, International of Nesbitt, Thomson and Company, Limited, a leading Canadian investment banking firm.

FUTURE EXPLORATION AND LONG TERM OBJECTIVES

Our discovery of a mineable deposit in 1973 augurs well for our success in the future. While there is an element of good fortune associated with mineral discoveries and successful exploration programs, we believe favourable achievements of this character result from knowledgeable and well executed plans. It has been our desire to increase substantially the pace of our exploration activity while maintaining high standards of exploration expertise. The cash flow that will accrue to the company from the leasing of our "A" ore body to Noranda will allow us now to meet this objective.

Our association with W. R. Grace & Co. of New York places the company in a strong position for the favourable exploitation of future ore discoveries. This large multinational corporation has a world-wide recognized capability in marketing, financing and operating resource enterprises. We hope and expect to structure our programs in a manner to permit W. R. Grace & Co. to assume the role of financier-operator of future mineable discoveries. This allocation of responsibility will enable New Insko to concentrate resources and efforts on property acquisitions and exploration.

The exploration program which we are following and enlarging is consistent with our previously articulated policy of concentrating our main effort largely to the north-western area of Quebec. In this context we would like to restate the salient portion of the policy statement that appeared in our annual report distributed on March 17, 1972:

Our exploration program is following the relatively new concept of ore genesis, originally proposed by Dr. Gilmour in his paper titled "The Origin of the Massive Sulphide Mineralization in the Noranda District, Northwestern Quebec", Geol. Assoc. Canada, Vol. 16, published in 1965. It is now believed by many contemporary geologists that the class of base metal ore bodies we are seeking was formed in a submarine environment at the same time as the rocks that enclose it. We are concentrating our efforts on specific stratigraphic horizons exhibiting geological characteristics conducive to the formation of these volcanigenetic deposits.

Our Vice-President — Explorations, Mr. Archibald, is well qualified to direct our exploration program. Included in his broad exploration experience he was a member of the Falconbridge exploration team that discovered the Delbridge ore body following ideas and techniques being applied in our program.

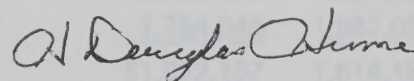
Much of our effort is being concentrated in the Noranda mining area on highly promising properties, because we believe this area offers us the best chances for success. Dr. Gilmour very aptly describes the services of this district in a report that reflects our feelings precisely in the following quotation: "Easy access, proximity to a smelter and a mine town providing a pool of skilled labour, a ready source of supplies and services, natural gas and electricity combine to produce near optimum conditions for exploiting and, consequently enhance the profit making potential of any discoveries which might be made."

While the most spectacular route to growth is through the discovery of new ore bodies, there are other alternative means to success. It is frequently possible to buy with cash and/or shares, resource companies with assets in liquid form or mineral and gas and oil reserves. Presuming a favourable risk-reward ratio, future growth can be anticipated through the acquisition route. No plans in this area have been formulated but we are constantly studying desirable situations.

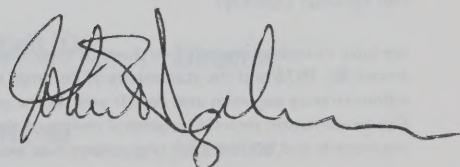
In a very short time this company has attracted a great deal of attention from the mining and investment community. The year 1973 has been a year of excitement and achievement. With greater financial and technical resources at our command, we believe the best is yet to come.

Respectfully submitted,

ON BEHALF OF THE BOARD.



H. Douglas Hume
President and
Managing Director



John R. Campbell, Q.C.
Chairman

ASSETS

	1973	1972
CURRENT ASSETS		
Cash	\$ 41,902	36,000
Accounts receivable	<u>74,403</u>	<u>—</u>
	<u>116,305</u>	<u>36,000</u>
 INVESTMENTS		
Shares of other mining companies (1973 at market; 1972 at cost, quoted market \$19,200)	16,002	82,083
Other investments, at cost	<u>2,084</u>	<u>2,084</u>
	<u>18,086</u>	<u>84,167</u>
 MINING PROPERTIES AND RELATED EXPENDITURES		
(Notes 1 and 2)		
Mining properties, at cost (Schedule A)	793,085	668,789
Deferred exploration and development expenditures	<u>989,381</u>	<u>812,415</u>
	<u>1,782,466</u>	<u>1,481,204</u>
 OTHER ASSETS, at cost		
Building and equipment less accumulated depreciation (1973 — \$2,555; 1972 — Nil)	11,110	8,641
Incorporation expense	<u>4,170</u>	<u>4,170</u>
	<u>15,280</u>	<u>12,811</u>
	<u>\$1,932,137</u>	<u>1,614,182</u>

AUDITORS' REPORT

To The Shareholders
New Inco Mines Ltd.
(No Personal Liability)

We have examined the balance sheet of New Inco Mines Ltd. (No Personal Liability) as at September 30, 1973 and the statements of deferred exploration and development expenditures, administrative expenses and deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion and according to the best of our information and the explanations given to us and as shown by the books of the company, these financial statements are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at September 30, 1973 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles which were applied on a basis consistent with that of the preceding year.

Toronto, Ontario
February 6, 1974

Riddell, Stead & Co.
CHARTERED ACCOUNTANTS

MINES LTD.

(ability)

T SEPTEMBER 30, 1973

LIABILITIES

	1973	1972
CURRENT LIABILITIES		
Accounts payable and accrued	\$ 161,946	32,100
DEBENTURE PAYABLE (Note 3)	<u>16,146</u>	<u>—</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK (Notes 2 and 4)

Authorized

7,500,000 shares, par value \$1 each

Issued

3,046,593 shares (1972 — 2,837,555)

	3,046,593	2,837,555
Discount on shares	<u>1,145,526</u>	<u>1,145,752</u>
	1,901,067	1,691,803

CONTRIBUTED SURPLUS (Note 4)	126,927	—
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DEFICIT	<u>(273,949)</u>	<u>(109,721)</u>
	<u>1,754,045</u>	<u>1,582,082</u>
	<u>\$1,932,137</u>	<u>1,614,182</u>

Signed on behalf of the Board:

John R. Campbell, Q.C. Director.

H. Douglas Hume Director.

NEW
INSCO MINES LTD.
(No Personal Liability)

STATEMENT OF DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 1973

EXPENDED DURING THE YEAR	1973	1972
Hebecourt West project	\$ 4,655	—
Hebecourt East project	130,743	—
Lac Dufault project (Dufresnoy Township)	4,794	129,830
Sherbrooke project	13,655	18,151
Lynx-Hurd project	2,623	—
Mustang-Arcadia project	11,458	—
Lewis Red Lake project	6,865	—
Sunburst-Hebecourt project	8,158	—
Arrinsun Syndicate	—	25,000
Authier-Miller project	12,191	—
Arcadia-Panacan project	5,315	—
Dawson Road Lots project	—	11,300
Pamike project	—	5,098
General exploration expenditures	<u>10,269</u>	<u>—</u>
	210,726	189,379
Less		
General exploration and expenditures on properties abandoned during the year	<u>33,760</u>	<u>—</u>
	176,966	189,379
Balance at beginning of year	<u>812,415</u>	<u>623,036</u>
BALANCE AT END OF YEAR	<u>\$ 989,381</u>	<u>812,415</u>

STATEMENT OF ADMINISTRATIVE EXPENSES AND DEFICIT
FOR THE YEAR ENDED SEPTEMBER 30, 1973

ADMINISTRATIVE EXPENSEES	1973	1972
Legal and audit	\$ 20,978	20,174
Travel	6,963	4,685
Stock exchange listing fee	680	1,287
Salaries	26,889	10,310
General expense	8,528	5,668
Rent	6,526	2,818
Shareholders' information	3,743	3,793
Transfer agent's fees	<u>3,550</u>	<u>4,518</u>
	77,857	53,253
Less		
Interest income	(3,438)	(6,789)
Management fees earned	<u>(11,004)</u>	<u>—</u>
	(14,442)	(6,789)
	63,415	46,464
General exploration and cost of properties abandoned during the year including exploration expenditures thereon	42,733	—
Write-down of shares of other mining companies to market	<u>58,080</u>	<u>—</u>
	164,228	46,464
Deficit at beginning of year	<u>109,721</u>	<u>63,257</u>
DEFICIT AT END OF YEAR	<u>\$ 273,949</u>	<u>109,721</u>

NEW
INSCO MINES LTD.
(No Personal Liability)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 1973

SOURCE OF FUNDS	1973	1972
Issue of capital stock		
For cash	\$ 247,500	150,000
For shares of another mining company	—	8,003
On conversion of debentures	88,854	—
	<u>336,354</u>	<u>158,003</u>
Increase in debenture payable	16,146	—
	<u>352,500</u>	<u>158,003</u>
 APPLICATION OF FUNDS		
Deferred exploration and development expenditures less non-cash charge	208,350	189,379
Administrative expenses less non-cash charge	63,236	46,464
Purchase of investments	—	50,099
Additions to building and equipment	5,024	4,761
Acquisition of mining properties	125,431	11,973
	<u>402,041</u>	<u>302,676</u>
 DECREASE IN WORKING CAPITAL	49,541	144,673
Working capital at beginning of year	<u>3,900</u>	<u>148,573</u>
WORKING CAPITAL (DEFICIENCY) AT END OF YEAR	<u>\$ (45,641)</u>	<u>3,900</u>

SCHEDULE OF MINING PROPERTIES Schedule "A"
AS AT SEPTEMBER 30, 1973

	1973	1972
75 mining claims in Dufresnoy Township, Province of Quebec, at cost (Lac Dufault project)	\$ 656,816	656,816
7 mining claims in Dufresnoy Township, Province of Quebec, acquired by the issue of convertible debentures of \$105,000 and the acquisition of shares of another mining company at a cost of \$7,839	112,839	—
25% interest in an option to acquire 6 mining claims in Hebecourt Township, Province of Quebec (Hebecourt West project) and 50% interest in the same option to acquire 6 other mining claims in Hebecourt Township (Hebecourt East project), at cost (Note 1)	11,250	—
Other properties, at cost	<u>12,180</u>	<u>11,973</u>
	<u>\$ 793,085</u>	<u>668,789</u>

NEW
INSCO MINES LTD.
(No Personal Liability)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1973

1. MINING PROPERTIES

- (a) Payments of \$6,000 on or before November 1, 1973 (payment made) and \$12,000 on or before November 1, 1974 must be made by the company and its partners to maintain the Hebecourt option. To exercise the option, a new company must be incorporated to acquire the claims for which the vendors will receive 300,000 shares and the company and its partners 2,700,000 shares. The vendors will receive a royalty based on production from any mine developed on the property.
- (b) The company has an interest in a number of other option agreements covering mining properties. The company's portion of option payments and/or exploration expenditures required in the next three years to keep the options in good standing amount to \$250,400, \$380,600 and \$470,000 respectively. These are not firm commitments and accordingly the options can be terminated at any time.

2. W. R. GRACE PARTICIPATION AGREEMENT

The company entered into an agreement with W. R. Grace & Co. ("Grace") on February 20, 1973 whereby Grace agrees to loan the company \$250,000 during each of 1973 (received December, 1973) and 1974 and have the option of lending an additional \$500,000 prior to 1977. In consideration of the loans, Grace will receive:

- (a) Debentures in like principal amount maturing on December 31, 1980 and bearing interest at 6% per annum commencing January 1, 1975 or on date of issue, whichever is later. The debentures are secured by a floating charge on all of the assets of the company and a specific charge on 6 mining claims in Hebecourt Township (Hebecourt East).
- (b) Share purchase warrants, expiring December 31, 1976, as follows:

Amount and Date of Loan	Number of Warrants	Price per share
\$250,000 prior to January 1, 1974	440,000	\$1.90 until Dec. 31, 1974 \$2.00 until Dec. 31, 1976
\$250,000 prior to January 1, 1975	170,000	\$2.00 until Dec. 31, 1974 \$2.25 until Dec. 31, 1976
\$500,000 prior to January 1, 1977	276,912	\$2.50 until Dec. 31, 1976

The company also assigned 50% of its interest in six mining claims in the Township of Hebecourt (Hebecourt West) to Grace for the sum of \$3,750. Grace also have the right to acquire up to 51% of the company's interest in any future properties they may acquire in consideration for Grace paying their share of the acquisition costs.

NEW
INSCO MINES LTD.
(No Personal Liability)

3. DEBENTURE PAYABLE

The debentures, which are for seven years and are non-interest bearing, were issued in 1973 in the amount of \$105,000 as consideration for seven mining claims in Dufresnoy Township, Province of Quebec.

They may be converted into common shares of the company at the rate of \$2.00 of principal amount of debentures for each common share, if conversion takes place within two years, thereafter increasing in yearly increments to \$3.25 per share by July 1, 1978. Debentures in the amount of \$88,854 were converted during the year.

4. CAPITAL STOCK

(a) Issues of capital stock during the year were as follows:

165,000	shares valued at \$1.50 per share for cash
<u>44,427</u>	shares valued at \$2.00 per share on conversion of debentures
<u>209,427</u>	

The value of the shares issued in excess of their par value of \$1 has been credited to contributed surplus.

(b) The company's issued share capital was reduced by 389 shares valued at 42 cents per share as these shares were incorrectly issued in 1972.

(c) Unissued shares are reserved as follows:

440,000	for the exercise of warrants issued in December, 1973
<u>8,073</u>	for the conversion of debentures
<u>448,073</u>	

(d) Under the terms of an option agreement covering certain mining properties, the company may be required to issue 150,000 shares of its capital stock in order to exercise the option.

5. STATUTORY INFORMATION

The remuneration of directors and senior officers aggregated \$50,220 in 1973.

